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1 December 1983

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for Margaret Daly Hayes, Senate Foreign Relations Committee Staffer

1. At Ms. Hayes' request, ALA provided a general briefing on Brazil in 3F24, Headquarters on 30 November, 0915-1115 hours. Present were

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Ms. Hayes' purpose in asking for the briefing was to prepare for a one-week trip to Brazil to deliver several lectures under the auspices of USIA.

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2. The analysts offered brief remarks on the major economic, political, and military issues, and responded to Ms. Hayes' questions. The major points covered were as follows:

- The recent agreement with the IMF will ease Brazil's financial squeeze for the time being, but meeting the IMF's spending and inflation targets will continue to prove difficult.
- Resistance to the austerity program continues to mount as living standards decline, but we expect no serious breakdown in public order over the near term.
- The Figueiredo administration is trying to regain some voice in the choice of the next president and may turn to direct elections--possibly in conjunction with an agreement on a consensus candidate.
- The armed forces are intent on surrendering the government to civilians in order to concentrate on professionalization, but cutbacks in the military budget will delay the upgrading of equipment.

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